

11-7336

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2 SEP 1959

Honorable Olin D. Johnston, Chairman
Committee on Post Office and Civil
Service
United States Senate
Washington 25, D.C.

Dear Senator Johnston:

The House Committee on Post Office and Civil Service has recently amended S. 2162, the Federal Employees Health Benefits Act, to include some changes which it feels would be desirable. Certain of these provisions were included at the request of this Agency and others in order to provide for the continuation of major employee health benefit plans already in existence. The Civil Service Commission supported these amendments.

As I believe you know, our Agency faces certain security problems in conforming to general legislation providing for employee benefits. Statutory prohibitions preclude us from adhering to any procedures which require the disclosure of the names, number, or location of our employees. To avoid such disclosures in remitting premiums or settling claims this Agency established a hospitalization insurance program which could be administered within the Agency in conformity with Agency security requirements. This program has operated successfully through an organization of Agency employees since 1948.

It is important to the operation of this Agency that any health insurance legislation which may be enacted permit the Central

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Intelligence Agency to arrange with the Civil Service Commission for separate procedures for the administration of the Agency's health insurance program. This problem was discussed with representatives of the Civil Service Commission who felt that S. 2162, as passed by the Senate, would not permit negotiation of this type. The Commission, therefore, included in its suggestions on S. 2162 a revision of Section 4 and a new definition of employee organization in Section 2 of the bill which would accomplish this purpose.

The changes which I have described would permit this Agency to continue to operate a health insurance program for Agency employees within the restrictions imposed by our security requirements and in conformity with the general provisions of the bill. I urge that your Committee in its consideration of the House amendments retain the language which I have referred to above.

Sincerely,

Signed R. P. CABELL

C. P. Cabell
General, USAF
Acting Director

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OGC/LC:GLC:mmw:mks (31 August 1959)

Executive Registry

11-6742

Vcard

Honorable Tom Murray, Chairman
House Post Office and Civil Service
Committee
House of Representatives
Washington 25, D. C.

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Dear Mr. Murray:

On 29 July 1959 Mr. Dulles indicated that as suggested in your letter of 23 July I would contact Mr. Frederick C. Belen, Chief Counsel of the Committee, regarding the Committee's hearings on S. 2162 and similar House bills to provide a health insurance program for Federal employees. I have discussed briefly with Mr. Belen the Agency's health insurance program as it relates to the proposed legislation. I believe this letter will provide further information as well as several suggestions for the Committee's consideration.

As you know, our Agency faces certain security problems in conforming to general legislation providing employee benefits. We are, for instance, precluded from adhering to any procedures which require the disclosure of the names, number or location of our employees. This prohibition arises out of the mandate to the Director of Central Intelligence under section 102(d)(3) of the National Security Act to protect intelligence sources and methods and the exemption in section 6 of the Central Intelligence Agency Act from any provision of law requiring such disclosures. To avoid security breaches in remitting premiums and settling claims, this Agency established a hospitalization insurance program which could be administered within the Agency in conformity with Agency security requirements. This program has operated successfully in various forms through an organization of Agency employees since 1948. Over \$600,000 was paid in health insurance claims last year under this program.

(EXECUTIVE REGISTRY FILE)

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It is important to the operation of this Agency that, in any health insurance legislation which may be enacted, provisions be included which would permit the Central Intelligence Agency to make appropriate arrangements with the Civil Service Commission concerning the administration of the Agency's health insurance program. While we do not wish to obtain an exemption from this legislation, it is imperative that the Agency have sufficient latitude to resolve its security problems within the general framework of the bill.

We have discussed the Agency's security requirements with representatives of the Civil Service Commission who feel that S. 2162 and the similar House bills do not provide such latitude. They have suggested that section 4 of S. 2162 or similar House bills be amended to add a subsection (5) which would read:

(5) Central Intelligence Agency Plans - Group plans for employees of the Central Intelligence Agency.

Similarly, section 5 should also be amended to add a subsection (5) to read:

(5) Central Intelligence Agency Plans - Benefits of the type specified in this subsection under paragraph (1) or (2).

This Agency is in agreement with the Commission's recommendation or any similar amendment and we shall be pleased to make appropriate representations to the Committee to this effect. Accordingly, it is requested that the Committee give favorable consideration to this recommendation based on the above.

Sincerely,


Legislative Counsel

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cc: Bureau of the Budget
Executive Office Building
Washington 25, D. C.

Letter dated 5 August 1959 to Honorable Tom Murray, Chairman,
House Post Office and Civil Service Committee, Washington, D. C.
regarding S. 2162

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OGC/LC:JSW:mks (4 August 1959)

MEMORANDUM FOR: ACTING DIRECTOR

Attached for your signature is a letter to the Chairman of the Senate Post Office and Civil Service Committee concerning the Government Employees Health Insurance bill now pending in the Congress. This bill, introduced by Senators Johnston and Neuberger, passed the Senate by an overwhelming vote and has been reported by the House Committee which made extensive changes in it. The House staff people, whom you will recall having come over for lunch this spring, were very helpful to us in getting the changes we required. The purpose of this letter is to alert the Senate Committee to our needs in an attempt to assure the retention of the language inserted by the House Committee.

1 September 1959
(DATE)

Legislative Counsel

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